Vol. 14, No. 23 June 11, 1963

At **Addis Ababa,** where the Africans met last week, the talk was largely of the infamies in Birmingham, Alabama against the Negroes. The Prime Minister of Uganda, the Honorable Milton Obote, railed against the "hypocrisy" of Mr. Kennedy in sending greetings to Addis Abbaba even while blood was flowing in Birmingham. Towards the end of his speech, Mr. Obote pledged his own nation, and by implication all the member states he was haranguing, to a war of liberation against the Portuguese colonies, Angola and Mozambique, and the Republic of South Africa. In the last effort to liberate Angola, more black men, in two days, were murdered by other black men, than were lynched in the South in one hundred years.

The United States obviously has its problems, but in our passion for self-punishment, we are losing our perspective. All sins, we are saying, were created equal, and therefore the United States, where never before have so many agitated themselves so much in behalf of so few, grovels at Addis Ababa, of all places, the oldest and most primitive despotism on earth, quails before a Ugandan whose illiterate population diligently persecutes the Asian minority, hides its face before Kenyans who have just chosen the organizer of the bestial Mau Mau as their national leader—in a continent where melting pots are a literal danger, not a metaphorical blessing.

There are those who believe it is a graver offense if St. Peter tells a white lie than if Herod issues genocidal orders against the infant population, and that therefore Jim Crow is worse in America than Mau Mau in Africa. These are problems that will tax the reflective power of moral theologians; one of whom, incidentally, Obote of Uganda is not. Meanwhile, we should politely decline to be catechized by these paramount chiefs of primitive societies masquerading as parliamentary statesmen. The United States has a vital interest in its own prestige, a fact we officially recognize year after year when we appropriate hundreds of millions of dollars for projects related to projecting our image successfully. We would have been comforted last week, or the week before, to hear even one of our leaders say to the world: "Gentlemen, that we have our problems, we do not deny. But they are *our* problems. Meanwhile, we can boast that in no other country in the world can a member of any minority, racial or religious, expect to receive simultaneously a greater share of the prevailing prosperity, a greater ration of justice, or a greater solicitude from the well-intentioned majority. We suggest you give priority to your own problems. You do *have* problems, don't you?"

NATIONAL REVIEW

Goldwater Moving Up, Romney Saddled p. 4

Whither the Market? p. 8

Anything Goes Against the Right p. 2, 6

BULLETIN

THE WEEK

□ **AN ALL-OUT PUSH FOR A TEST BAN,** the President announced at his May 23 press conference, is scheduled for the next two months. The circumlocutions with which Mr. Kennedy replied to questions hinted he is ready to reduce the annual number of inspections even below the seven that, prior to May 23, had been officially declared the rock-bottom figure. "What we are proposing," Mr. Kennedy summarized, "is: we settle the other matters, and then come to the number of tests."

□ **WHAT HAS HAPPENED** to academic freedom in Tanganyika? The correspondent of the London *Times* reports that three young women students have recently been sentenced to death for pursuing their studies. They were training to be witches, and cooperated with their instructor in drugging, killing and cutting up a middle-aged woman—herself a graduate witch who cooperated willingly—for use as "medicine."

□ **LIKE HORATIUS AT THE BRIDGE,** Administration spokesmen stand at bay, lunging here, slashing there, trying the impossible—to skewer every and all report of continuing military buildup in Cuba. And like Lars Porsena of Clusium and his men, the reports continue to pour in. Last week's crop, from 751 refugees just arrived in Miami: 1) The Russians are building a submarine base at Puerto Rico beach in Oriente province (just across the Windward Passage from Santo Domingo and Haiti); Soviet submarines are operating in Cuban waters. 2) Deep caves to the north of San Luis are

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being prepared for Russian installations. 3) Cubans have been evacuated from a residential suburb of Santiago to provide billets for Soviet officials and soldiers. 4) Construction has started on three new USSR military camps in Cuba; earlier camps are being transformed into permanent military installations.

■ **THE UN'S FINANCIAL CRISIS BECOMES ACUTE,** *i.e.,* approaches the where'll-we-get-the-money-for-next payday phase. (The chaos issues from organic defects besides the predictable fractiousness of independent nations. The UN's regulations are unclear on critical points.) The dilemma of the Secretariat is this: if, citing the authority of the World Court's advisory judgment, financially delinquent nations are punished by losing their vote in the Assembly, is it certain that the sanction would prove effective? Can anyone predict that Charles de Gaulle would pay up, rather than pull out?

■ **THE IDES OF MAY ARE GONE** without a serious wound to the economy, so the official soothsayers who had predicted a recession unless Congress enacted an immediate tax cut have gone back to the entrails. It was the readings of his Economic Advisers that led the President to abandon his plea for tax reform in favor of a quickie tax cut. The revised auspice reveals that a tax cut can be postponed until election year, so the President is once again talking, not very urgently, about tax reform.

■ **THE ESPIONAGE TRIAL** of Yeoman Nelson C. Drummond ended in a hung jury, 11-1 for conviction. Many lawyers are gravely alarmed at reports by several jury members of what went on in the locked jury room. Drummond is a Negro. The single unbudgeable vote that hung the jury was by a Negro juryman. According to the others, racial considerations governed his decision. They "found it impossible to argue with him on the testimony or the evi-

ON THE LEFT

"A sinister network of subversive racists, hate peddlers, anti-labor extremists and neo-fascists provides the nucleus of the membership of the hundreds of Extreme Right organizations active in the United States in the Nineteen Sixties. Acting as 'angels' for the lunatic fringe extremist groups are a large number of 'respectable' and well-known Big Businessmen. . . ." So runs the introduction to a four-part series which was just completed in the United Auto Workers' *Solidarity* and which is, in turn, a major part of a major campaign initiated recently by some organs of the labor bureaucracy, against the threat of Conspiracy and Subversion from the Right. The *Solidarity* series is important for defining the views of non-Communist-left labor; and for defining the mode of argumentation, and the rhetoric, in which those views are being advanced to the laboring man. Taking the series to be an organized insult, especially to labor, *On the Left* will discuss in the future its various aspects, such as the fallacious Right-Left analogy, "conspiracy," and the use of pejoratives, labels and smear, etc. (See also *At Home*, p. 6.)

Random Samplings. DATELINED Birmingham, Dr. Martin Luther King's fund-raising letters for his Southern Christian Leadership Conference are being sent out to the Communist-lining *National Guardian*'s mailing list. NOT TO BE confused with the SCLC, the Southern Conference Educational Fund, a Communist front, in the person of agitator Carl Braden is attempting to turn the rape convictions of Negro Thomas Wansley (see OTL, May 14) to political advantage, on racial grounds. Braden's maneuvering is behind an unsigned and routinely distorted account of the case in the *Worker*. STUDENTS in a referendum and the faculty assembly at the University of California have both voted their disapproval of the University's ban on propagandists and other undesirable speakers. COLUMBIA Studio's "We'll Bury You," an anti-Communist documentary, has been withdrawn from foreign circulation following the murder of a messenger carrying a print of the film in Quito, Ecuador. Foreign theater owners have also been discouraged by ripped seats, slashed screens and stink bombs. The film has lost a hatful of money. "ARE YOU WILLING to take a risk?" Harry Emerson Fosdick inquires on behalf of Emergency Relief for Angola, a tentacle of the American Committee on Africa. The relief you are to risk, ERA goes to great pains not to tell you, is meant for the leftist Congo-based terrorists who with unparalleled savagery took the lives of thousands of Negro Angolans two years ago. One refinement used by the terrorists was gutting pregnant women and beheading their unborn children; the favorite terrorist weapon was sharpened bicycle chains to take the skin off still-living victims. A LEADING FRENCH newspaper, *Le Figaro,* reports that singer Paul Robeson has broken with the Communist Party. The story elicited from the *Worker* a long, undated, love-feasting colloquy between Robeson and a Moscow interviewer with an explicit but unconvincing denial of the *Le Figaro* report tacked on to look like an afterthought. Question unanswered, has he broken? IN THE COURSE of only a month, the entire spectrum of the Left has abandoned its emphasis on "Peace" in favor of the race issue. Racial tempers rising.

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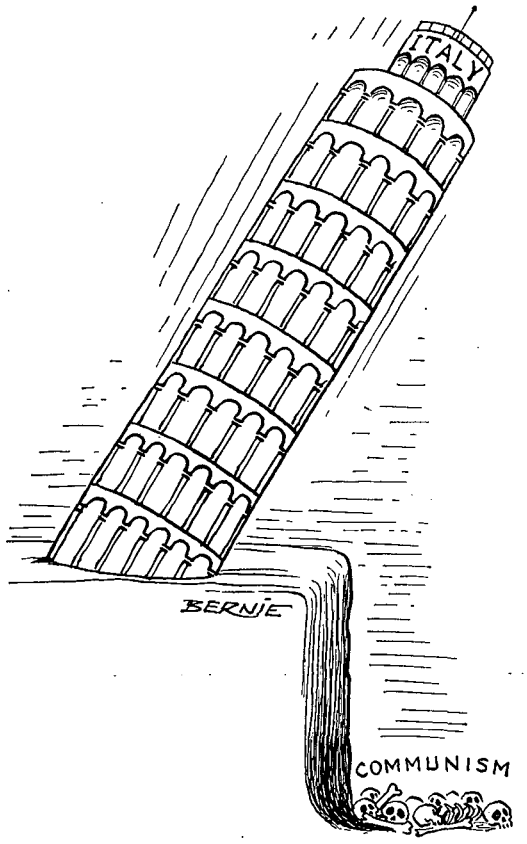
dence." He kept repeating that Drummond had been framed by the FBI because—as the defense attorney, also a Negro, brought out—one of the agents who testified came from Mississippi.



After the Election

■ **SENATOR RIBICOFF'S MODERATING PROPOSALS** for ending the bitter conflict over government aid to church-related schools have won support from most quarters except the Paul Blanshard wing of extreme church-state separators and, of course, opponents of any federal aid to any school, public or private. Mr. Ribicoff believes it both constitutional and expedient that government (local, state and federal) should aid private schools, church and non-church, through: 1) income tax deductions for private school tuition up to a certain maximum; 2) auxiliary services (lunch, bus, medical checkups); 3) teacher training programs in non-religious subjects; 4) special programs of a non-religious nature and presumed national interest (*e.g.*, in science or language); 5) (where feasible) public facilities such as auditoriums, gymnasiums and vocational shops available part-time to private school use; and 6) large-scale public assistance to private universities.

■ **RUSSIA WILL GO BROKE** supporting Cuba, said the optimists, pointing to the $700 million Russia has spent to prop up Castro. But Russia contracted for Cuba's sugar crop at four cents a pound, and the world price has leapt to more than thirteen cents. If sugar prices don't collapse, Bolshevik commodity speculators could make a satisfying $500 million profit this year alone.

PEOPLE

Number one topics on agenda of next week's meeting of **Dwight Eisenhower's** National Republican Citizens Committee at Hershey, Pa. are stop-**Goldwater** strategy, and whether Gorgeous **George Romney** is worth a big investment. But some citizens are wondering whether time is near to start joining Barry instead of stopping him. . . . At last week's *Advance* testimonial dinner in NYC, did absence of any ritualistic kudos for ultra-Liberal Sen. **Jacob Javits** reveal a Javits-**John Lindsay** split? Rep. Lindsay was principal speaker. Dinner also set knowledgeable N.Y. Republicans to asking: is former **Nixon** aide **Charles McWhorter** turning Modern? McWhorter was one of sponsors, *Advance* is private organ of **Rockefeller**-Lindsay wing of GOP. . . . Noting that GOP needs to win 40 additional seats to recapture control of House next year, **Bob Wilson,** chairman of Republican Congressional Committee, suggests as campaign slogan: "64-40 and fight!"

Called back for necessary revisions, all outstanding copies of the *Short Encyclopedia of Soviet Literature* (changes to be made in chapters by suddenly deviationist authors and poets **Ehrenburg, Aksyonov** and **Yevtushenko).** . . . European press reports indicate both **Frol Kozlov,** one time heir apparent to **Khrushchev,** and Marshal **Malinovsky** may be in for demotions as outcrop of **Penkovsky** spy trial and execution. . . . **Sukarno** finding Soviet aid comes high. Intimates report he was "shocked" by Soviet demands that he pay up as agreed for military equipment he has received from USSR in past few years. . . . Local Communist party demanding bigger role in Indonesian government. . . . **Nehru** suffered prestige loss in three by-elections in which Congress Party candidates were defeated.

Not Navy Chief of Staff, Adm. **George Anderson,** but Air Force Chief **Curtis LeMay,** was main target in recent Administration reshuffle of military heads. LeMay was saved when Sen. **Richard Russell,** other congressional leaders indicated they would make things tough on the Hill if "Mr. Air Force" was pushed out. . . . *U.S. News* believes the awarding of Fermi prize to **Robert Oppenheimer** may be followed by Oppenheimer's appointment as consultant to Atomic Energy Commission. . . . Amb. **William Attwood,** credited with large part in swinging Pres. **Sékou Touré** of Guinea away from open alliance with Communist world, headed for another trouble spot. Capital reports indicate he will go to Jakarta to replace Amb. **Howard** *(Merdeka!)* **Jones.** . . . High State officials would like to see Presidential aide **McGeorge Bundy** get job as President of Yale; they resent his editing of their speeches.

Gift for **JFK's** chief economic adviser, Dr. **Walter Heller,** a compilation of economic admonitions from Benjamin Franklin's *Poor Richard's Alamac,* among them: "The first [vice] is running into debt."

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□ FOCUS ON . . .

NELSON ROCKEFELLER

The collapse of the Governor of New York is staggering. Now it has even been ratified by Dr. Gallup, whose findings for last week show Goldwater leading Rockefeller 35 to 30% among Republican regulars, 33 to 28% among independents—a reversal of sentiment over a period of two months for which no one can think of any precedent.

Most likely, observers say, the shift was only triggered, not caused by the re-marriage, and reveals a growing lack of confidence sprung from Rockefeller's troubles in New York over taxes and liquor scandal, and his failure to crystallize, during the last two years, a convincing dissent from the policies of the New Frontier.

RICHARD NIXON

In Washington the most unremarked but deeply significant statement of the week was Richard Nixon's, who said at a luncheon of Republican leaders that he thought "Eisenhower-Nixon Republicans" "should be able to support Senator Goldwater" if he were nominated or, to be sure, "any other prominently mentioned Republican Presidential prospect." Nixon is a master evader, and didn't have to answer that amiably if he hadn't chosen to. One of Goldwater's difficulties has been the well known animosity of Dwight Eisenhower—who had a similar animosity against Robert Taft. That may be softening either from natural causes or, more likely, as the result of emerging political realities. In the latest book Goldwater is odds-on favorite, and Eisenhower-Nixon don't wish to lose contact with the candidate, whoever he may be. With Goldwater running in front, the Liberals are now turning toward. . .

GEORGE ROMNEY

Michigan's Gorgeous George gave an equivocal performance before the National Press Club last week, looking and talking like a candidate, even unto the categorical denials of *any* intention or desire to run for President. Observers watched closely but vainly for statements that would locate him on the ideological spectrum.

It now appears that: 1) Romney may be backed vigorously in hope that he can swing two or three primary victories, but that 2) most Republican Liberals would go with Goldwater rather than commit hara-kiri. And that 3) Rockefeller will play it cool, do little during the next months other than expose widely his personable new wife; stay ready to pounce at the first opportunity to rehabilitate himself. Perhaps in New Hampshire, March 10, 1964.

□ WHAT'S AHEAD

THE FRENCH SUCCESSION

Charles de Gaulle has picked his successor. As predicted two years ago in NR *Bulletin*, it is the Count of Paris, pretender to the French throne. The well-informed journal of the French Left, *L' Express*, gives details.

"When I am no longer at hand," de Gaulle told the writer André Passeron in April 1961, "there must be a Chief of State who is outside the parties and not dependent on a parliamentary majority. He will have to make the big decisions, act as arbitrator, and above all express the nation's destiny." The Count of Paris meets the specifications.

The Count of Paris has been told the decision. For several years he has been carrying out confidential missions for de Gaulle—in Ethiopia, Iran, Afghanistan and most recently Libya and Spain. Unless there is insurmountable public opposition, de Gaulle will step down as scheduled in 1965 and sponsor the Count's candidacy. In de Gaulle's mind the Count's election as President would unite the monarchical and republican principles in a conclusive legitimacy.

Capital Bulletin

Dateline *Washington*

No single political act has shaken Washington as much in years as the results of the wheat referendum. Right up to W-Day, Secretary of Agriculture Orville Freeman was predicting that the nation's farmers would easily give him the 66.7 vote necessary to impose rigid—almost fascistic—controls on wheat production. Mr. Freeman gained victory in only six states, five in the South, and in Maine, where 24 farmers voted in favor of his plan and eight were against. The country as a whole did not give the Administration even a simple majority.

For the first time in decades, the Coercive Welfarists were confronted by the horrifying experience of seeing Santa Claus (and Uncle Sam's billions) rebuffed by those who thought more in terms of the American future than of today's fast two-buck-a-bushel wheat.

Legislators from the big cities, who have docilely voted for farm legislation which keeps the price of food up, began asking themselves some searching questions. The automatic congressional rubber-stamp of farm legislation written by the Harvard boys may be a thing of the past.

The Republicans, who had opposed the Freeman Plan, peered over the top of their foxholes, saw the enemy in retreat, and began armistice negotiations with Southern Democrats. The probable deal: the Republicans will agree to support Southern-sponsored cotton legislation in return for Southern Democratic votes for a sensible and economical farm program.

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RHODESIAN DILEMMA

The Federation of the Rhodesias and Nyasaland will be dissolved in late June or July, with Nyasaland and Northern Rhodesia proceeding to independence, as already agreed, under Negro governments. In mid-June final constitutional negotiations between Britain and Southern Rhodesia will open in London. Southern Rhodesia has long been self-governing but is not formally independent. Its present government is white, under a weighted-vote constitution that assures white predominance for the next ten or fifteen years.

If Britain grants Southern Rhodesia's demand for immediate independence under the present constitution, the nonwhite majority of the Commonwealth will be infuriated and may even pull out. If she refuses, pending Rhodesian acceptance of a one man-one vote constitution that would guarantee Negro rule, Southern Rhodesia will declare independence anyway, and turn to close association, even unity, with the Republic of South Africa: moves that could be forestalled only by direct British armed intervention against Southern Rhodesia's whites.

ITALIAN BALANCE

In spite of Amintore Fanfani's well-known fondness for the joys of office, his Demochristian colleagues pushed him aside. They offer a new face, but the same policy, in putting forward Aldo Moro, the party secretary. If Moro succeeds in getting parliamentary approval for his cabinet, it will not be for long. It is impossible to find a stable majority. The Demochristian left wing will not permit inclusion of the neo-fascists, arithmetically necessary to a center-right majority. The Demochristian right wing will not permit a sufficiently leftist program to satisfy Pietro Nenni's Socialist Party, itself now under heightened pressure from the ascendant Communists, who promise mass action and violence if they are disregarded.

A great gnashing of teeth in the State Department. The Administration's defeat in the wheat referendum had immediate reactions in Ottawa and Geneva. The Canadians, whose wheat accounts for 50% of all agricultural exports, wondered whether the President could control aggressive U.S. merchandising of its crop to foreign markets. And U.S. tariff negotiators in Geneva could no longer promise that, in order to bring about a general lowering of trade barriers, they would reduce wheat exports.

○ On the Republican political front, there has been what they call in baseball "activity in the bullpen." Former Vice President Nixon arrived in Washington secretly—which means that it took the press almost a day to discover his presence—to confer with members of the California delegation and others who have been responsive to him in the past. It was not lost on the students of this sort of thing that his visit coincided with an appearance by Governor George Romney at the National Press Club. The Eisenhower forces, not wishing to hitch their wagons to what may be Governor Nelson Rockefeller's falling star, have been not too subtly seeking a substitute. Mr. Nixon, obviously, was sounding out congressional Republican who, in 1964, will have a far greater say at the convention than they have had since 1952. Mr. Romney, however, did himself little good by his Washington unveiling. The consensus of those who heard him is that his speech laid a very large egg.

Though the Eastern "Modern" Republican forces are in a real swivet, Mr. Nixon is very relaxed. His sudden move to New York was, it is generally believed, dictated by Albany, but he still seems to entertain the hope that a deadlock at the 1964 convention will compel the delegates to turn to him. More objective observers discount this possibility. They wonder, however, when the intelligence will reach Gettysburg and the Chase Manhattan Bank that Senator Barry Goldwater is clearly the front-runner, with popular support growing even though he has not lifted a finger—has, in fact, made it a point to give no public encouragement to his supporters.

○ The State Department, now embarked on a program to rehabilitate Hungarian dictator Janos Kadar, is putting strong pressure on Cardinal Mindszenty to leave the American legation in Budapest. It is argued that the continued asylum of the patriot priest is "compromising" the possibility of improved U.S.-Hungarian relations. In order to prepare American public opinion, the Administration has issued a "report" which holds that conditions in Hungary have dramatically improved under Kadar and that the regime has been "liberalized." Congressmen, senators, and friendly newsmen are being fed the usual tranquilizing pills which precede State Department appeasement moves. Suggestions are coming from some legislators and from captive nations leaders that the U.S. pressure the Hungarians into giving Cardinal Mindszenty his freedom within the country.

○ Statistics and Observations: Though official Administration figures on unemployment fluctuate between four million and five million, experts such as Dean George P. Schultz of the University of Chicago's Business School assert that of this number only 1.5 million are "primary earners"—that is people looking for full-time work. The rest are students looking for part-time employment, wives who want to earn a few dollars, men seeking a second job, etc.—all of whom are listed as "unemployed" by the Labor Department. . . . The U.S. has 900 people attached to its Embassy in Rome, 3,000 in Paris, and 4,000 in London. . . . The U.S. bill for sugar will be up by more than $1 billion this year.

QUINCY

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At Home

With Barry Goldwater suddenly possessed of a handsome lead in the Gallup Poll, American Liberals are becoming fairly desperate. For the first time in 30 years they are confronted with the outrageous possibility that the Republican Party might nominate a conservative for the Presidency and thus put Liberalism's handiwork to a true test in the voting booth.

The publicists of the Left are thus engaged in an all-out effort to extinguish the conservative movement, of which Goldwater is the symbol and the beneficiary, before it can get any further. A nationwide blitz is under way via all available media "to expose" conservatives as the minions of "hate." He who opposes statism at home and appeasement abroad is to be portrayed as the familiar of anti-Semites, blackhearted tormenters of school teachers, and devotees of the anonymous phone-call. The effort is being made to connect all conservatives and anti-Communists with the most deranged specimens of political eccentricity and so to bring them all down in a common ruin.

Supplying ammunition for the "exposure" is an organization called "Group Research, Inc." headquartered in Washington. Group Research has assembled a magpie-like collection of data about "right-wingers," a category which it conceives as including everything from the anti-Semitic propaganda of *Common Sense* to the lofty cerebrations of Ludwig von Mises. GRI industriously catalogues names, ages, writings, and—most importantly—interlocking affiliations of its subjects, and issues fact sheets containing the results. The fact sheets are divided into four major categories: "organizations," "individuals," "publications," and "special reports." Issued in loose-leaf, ring-binder format, they are to be supplemented and corrected as GRI continues its burrowings. Recipients are provided with cardboard dividers so that they can keep the reports neatly filed, up-to-date, and ready for instant use.

The present writer has managed to get hold of the reports sent out to date, and can testify they make fascinating reading. It should be stressed that GRI makes every effort to be factual, and seldom includes its own evaluations in its reports. The general bias is manifest mainly in the conceptual scheme, in the occasional use of emotive language ("reactionary," "extremist" etc.) and the inclusion of such things as a statement by a group of ministers (reprinted from the *Christian Century*) flaying Fred Schwarz of the Christian Anti-Communism Crusade and such dangerous characters as former Representative Walter Judd (R., Minn.) and Senator Thomas Dodd (D., Conn.).

Longest and fattest of GRI's exposés is a 36-page special report on the National Right-To-Work Committee, which makes a particular effort to tie the committee to the John Birch Society. The attention lavished on the right-to-work movement does not seem to be accidental. Principal consumers of GRI's output, to judge from what has so far appeared in print, are the publications of the labor unions, particularly the bulletin of the AFL-CIO's Committee On Political Education.

In March of this year COPE sent out a memorandum to local union leaders, urging use of GRI materials. The real object of "right-wing" activity, COPE said, is "determined anti-labor activity and an all-out drive against social welfare legislation." By combating this menace in cooperation with other Liberal groups, "unions can find a common ground which will help counteract right-wing activities and build future support on labor questions." GRI materials supply a means of doing this.

Labor officials are instructed: "When you hear that a right-wing speaker is coming to town check him immediately in the [GRI] directory and alert friendly groups. Inform your local newspaper by personal visit if possible of the character, background, and connections of the speaker. . . .

"Armed with the facts about extremist groups, labor union members can take some leadership in combating them, either by heading them off before they really get started or by limiting the damage they do and helping to dry them up. . . .

"Preventive action is best, of course, but is not easy. The idea is to alert democratic groups to the possibility of trouble and meet with their representatives. Ordinarily it is best not to pass resolutions or take a vote. But there is sometimes an advantage in arranging a meeting at which community leaders actually sign a warning statement, for release to the press, in advance of a right-wing meeting, exposing its nature and intent."

These observations reflect an interesting view of democracy. Although Liberal theory has it that we administer our public affairs best by the free expression of opinion, the avowed purpose of COPE is to "head off" and "dry up" conservative spokesmen by discrediting them before anyone hears what they have to say. The ounce of prevention in this case is to tie the speaker, through the GRI "research," to as many disreputable or allegedly disreputable people as possible. It is determined in advance that, whatever the subject of the particular views of the individual, his words are without merit.

Equally intriguing is the suggestion that "it is best not to pass resolutions or take a vote." Should not those who are so vocally concerned with democracy be interested in taking a vote? Or would that imply some open discussion of what is to be "prevented," and perhaps the expression of internal disagreement with the program? This is but one of several enigmas in the story of Group Research, Inc. about which this department will have more to say in weeks to come.

M. Stanton Evans

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RIO DE JANEIRO. **Soldiers on Watch**

From a confidential report by a local correspondent: "A threatened military coup is the major factor blocking a Communist takeover. I have been privately informed by those directly concerned that an attempt by Pres. Goulart to appoint a Communist or pro-Communist as head of the Navy, Army or Air Force would result in revolution. Though each of the three military services is headed by patriotic officers determined to maintain Brazil's democracy,

Abroad

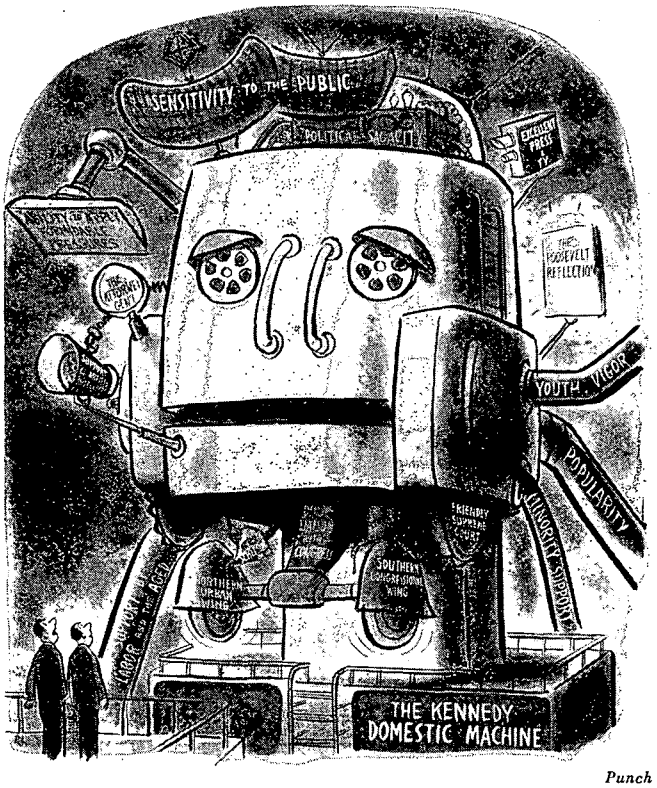
all have high ranking Communist and pro-Communist personnel: General Osvino Alves, for example, Commander of the First Army, which includes the mechanized units; the openly pro-Communist Admiral Candide Arogar, who commands the Marines (*Fusileiros Navais*), stationed, like the First Army, in the neighborhood of Rio; and the Air Force's third-in-command, Brigadier General Francisco Teixeire, very close to Goulart. It is Teixeire who blocked purchase of American planes for the Navy's only carrier, which is cruising about with empty decks. Paradoxically, it is the loyal officers' genuine faith in democracy that makes them hesitate to oust the pro-Communists, as they could presently do, by summary and what might seem 'dictatorial' methods. Meanwhile, protected and abetted by Goulart, the pro-Communists solidify their position. However, the loyal officers affirm that they have perfected plans to seize control when and if the Communists make 'a major thrust.'"

LISBON. **Visitors From South Africa**

A mission headed by the South African Foreign Minister held lengthy secret discussions here in mid-May, under the cloak of settling some minor diplomatic issues. Actually, the chief subject was the defense of Angola, Southwest Africa and South Africa proper against the attack that is expected to begin on a large scale early next year. South Africa indicated its readiness to provide arms, aircraft and technical personnel for operations in Angola. A permanent liaison group has been established which will deal not only with military cooperation but with such political questions as tactics to be followed in relation to the United Nations.

CANBERRA. **Polaris Down Under**

The Australian Liberal-Country Party government and (according to a poll just taken) a majority of Australians approve the agreement under which the United States will build a $75 million naval communications installation at Northwest Cape in western Australia. A number of editorials are pleased with the fact that this project implicitly recognizes Australia to be the southern baseline for global American (and Western) strategy, and that its existence will give Canberra a "political leverage" on Washington that has previously been lacking. But the opposition Labor Party, like its sister parties in other nations, has grave doubts. One leading Laborite, pointing out that orders to Polaris submarines to launch missiles against Soviet targets would be transmitted through the Australian station, stresses his fear that this would invite in reprisal "a similar rain of death upon Canberra, Sydney, Melbourne," even though the Australian Prime Minister will have no say in the American decision and "may be utterly opposed to the American line of action." He adds that he is worried over what might happen not under "Mr. Kennedy's great Presidency" with its "bold stand for human freedom," but under the sinister post-Kennedy forces that might rule America during the 25-year term of the agreement that has been negotiated.



Punch

***"It's wonderful! But what does it* do?"**

BUDAPEST. **Socialism and Food**

Following the 1956 revolt, all remaining private farms in Hungary were collectivized, since the individual peasant proprietors were believed to have provided an important "social base" of the revolt. Hungarian agriculture is therefore, in theory, totally collectivized. Nevertheless, an analysis presented in the December 1962 issue of the official economic journal, *Kozgasdasagi Szemle* (reported in *East Europe*) shows that the food supply of half the population comes from the individual "household plots," though these include only 13.7% of the agricultural land. These "petty bourgeois survivals" provide, besides a large part of vegetables and even grain, 48.4% of horned cattle, 55.2% of cows, 58.3% of pigs and 84.9% of poultry.

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BUSINESS

MOST OF THE MARKET LETTERS are still oozing optimism, but in a much more guarded way than as recently as a month ago. There has been much more talk of "selectivity," the vague caveat that invariably crops up in the argot of the Street when no one is really quite sure which way the cat is going to jump.

The general level of confidence is high and most of the technical signs favorable, but there are straws enough in the wind to give some analysts the uneasy feeling that the weather is about to turn. One of these portents is the change in the tone of the market.

There has been a distinct shift out of the quality issues that fueled the long bull rise from last October into secondary and considerably more speculative stuff. One survey shows that six out of every ten of 125 of the Big Board's deepest-dyed blue chips have either topped out or actually gone into a decline.

Rail stocks, conversely, are off on a speculative binge the like of which has not been seen since the days when nonsense was wonderful. Standard & Poor's index of low-priced stocks, as good a measure of speculative interest as any, recently clocked off another new high and the relatively less seasoned issues on the American Stock Exchange and in the over-the-counter market seem to be getting more of a play.

THE PLAY HAS NOT YET DETERIORATED —or accelerated—to the point where the stage appears to be set for a great plug-pulling, like that of May 1962, but many analysts seem to be operating on Satchel Paige's dictum: "Don't look over your shoulder, they may be gaining on you."

Change in tone aside, there are a number of other haruspices that suggest the specter of a sell-off may indeed be gaining on the Street. Among them are:

(1) A sharp rise in the amount of cash borrowed to buy stock. Customers' debit balances are up nearly $200 million and now stand at a whacking $4.5 billion for the first time ever. This leaves the market extremely vulnerable to a rise in margin requirements.

(2) A sizable increase in "insider" selling and big off-the-board secondary distributions like the recent Gulf Oil offering. Both phenomena are often characteristic of the late stages of a bull market.

(3) The sluggish way in which the closely charted and psychologically important Dow Jones averages have been responding to good news.

IT MAY VERY WELL BE that the averages will punch through the relatively narrow range in which they've been trading and mush on past their historic highs. It may also be, however, as some of the technical signs suggest, that this particular bull is moving into its last hour.

The steel industry seems at this point a bit more sanguine about how its price and labor problems are going to iron out. Although the United Steelworkers have had the option since May 1 of reopening their wage contract and simultaneously setting a ninety-day strike deadline, they seem willing to continue their dialogue with management through the medium of the Human Relations Committee, the labor-management group set up after the 1959 strike to provide a continuous forum on perennial sore spots like outside contracting and incentive pay.

Both sides insist they are "discussing" rather than negotiating in the committee. In the strict and formal sense there are no negotiations—they will come later. Agreement in the committee, however, will make things easier at the bargaining table. Heavy unemployment in Pittsburgh is also making union leaders less strike-prone.

U.S. Steel chairman Roger Blough, who is not given to rash statements, sounded a characteristic note of caution the other day when he said, "negotiations are always uncertain," but he hopefully enough went on to add that the committee talks are "on the encouraging side."

For steel investors there was also a bit of encouragement in the industry's feeling that the $4 to $7 a ton price boosts may be made to stick after all. Steel consumption is rising and not all of the demand has come from hedge-buying against the possibility of a strike this summer. If cyclical—as distinguished from stockpile demand—holds up, the industry has a good chance of holding the price line.

& Briefs

Savings and Loan Associations are suffering from an embarrassment of riches. Deposits are running at such a high level that some associations are having difficulty putting them to work. Because of the glut of cash available, mortgage rates dropped and some associations consequently have not been able to generate earnings power enough to justify the handsome rates they've been paying depositers. That was the sad tale behind the cutback (from 4.5 to 4%) Arizona S & Ls announced the other day. There have been other cuts across the country, but they are not likely to become general outside of chronically capital-deficit growth areas. The big question mark is Los Angeles. Current rates there will probably not hold beyond the July quarter.

The pension funds were in there nibbling despite the market break last year. The Securities and Exchange Commission said that the funds bought $2 billion worth of stock last year, about the same as in 1961.

A revision of Commerce Department figures indicates that business inventory buying in the first quarter was $500 million higher than originally estimated and consumer spending less by $1.2 billion.

The Amalgamated Clothing Workers won a 22 cents-per-hour raise. Informed predictions have it that this will probably mean an increase of three to ten dollars in the retail price of men's suits this fall.

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